

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING (Foundation in Business)

25 February 2017
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **THREE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED QUESTIONS [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Part A

Apexx Manufacturing has decided to use specific cost drivers to allocate its activity costs. Apexx has identified the following information for the current year:

| Activity | Cost Driver | Activity Costs (RM) | Cost Driver Quantity |
|--------------------|-------------------------|---------------------|-----------------------|
| Materials handling | Number of parts | 320,000 | 80,000 parts |
| Production | Number of machine hours | 420,000 | 100,000 machine hours |
| Assembly | Number of components | 210,000 | 70,000 components |
| Finishing | Number of labour hours | 270,000 | 30,000 labour hours |

Apexx made 5,000 units of product CalMag during the month. Each unit requires six parts, 30 minutes of labour, three hours of machine time, and 12 components.

REQUIRED

- Determine the cost driver rate for each of the activities. (12 marks)
- Calculate the cost per unit of product CalMag and total costs allocated to 5,000 units of product CalMag. (8 marks)

Part B

The following is information of Tetracup Limited.

| Detail | Amount (RM) |
|--|-------------|
| Selling price per unit | 80 |
| Commission paid per unit sold | 5% |
| Prime cost per unit | 25 |
| Variable manufacturing overhead per unit | 11 |
| Fixed costs (Total): | |
| Rental of machine | 2,000 |
| Administrative salary | 50,000 |
| Insurance paid | 3,000 |

Continued...

REQUIRED

a) Calculate the total variable costs per unit. (5 marks)

b) How many units does Tetracup Limited need to sell in a month to break even? (4 marks)

c) How many units does Tetracup Limited need to sell if she wants to make a RM60,000 profit this month? (5 marks)

d) Calculate the margin of safety percentage if the current sales level is 2,500 units (6 marks)
(Total 40 marks)

QUESTION 2**Part A**

Sky Limited is a company that manufactures a unique device that is used to boost Wi-Fi signals. In January 2016, the company produced 40,000 units of devices and 35,000 units were anticipated to be sold. The price of the devices is RM120 per unit. The following cost information pertain to Sky Limited for January 2016:

| | |
|---|--------------|
| <u>Manufacturing costs:</u> | |
| Direct materials cost (per unit) | RM 30 |
| Direct labour cost (per unit) | RM 14 |
| Variable manufacturing overhead cost (per unit) | RM 4 |
| Fixed manufacturing overhead cost | RM1,280,000 |
| <u>Selling and administrative expenses:</u> | |
| Variable per unit | RM 4 |
| Fixed (Total for the month) | RM 1,120,000 |

REQUIRED

a) Calculate unit product cost using absorption costing and variable costing. (5 marks)

b) Prepare the income statement using both absorption costing and variable costing. (15 marks)

Continued...

Part B

My Flowers Sdn Bhd manufactures silk roses. The company received a special order for 2,000 silk roses at a selling price of RM4 per rose. My Flowers Sdn Bhd has enough capacity to accept the order. 40% of the manufacturing overhead is variable. All fixed overhead is allocated equally to all products produced. The following costs are associated annually with silk roses with the company's normal production and sales of 10,000 roses: Direct Materials RM21,000; Direct Labour RM13,000; Manufacturing Overhead RM9,000.

REQUIRED

- Calculate the total relevant revenue from the order. (3 marks)
- Calculate the total relevant costs for the order. (10 marks)
- What will be Flowers Inc. change in operating income if they accept the special order? (4 marks)
- Should My Flowers Sdn Bhd accept the order? Explain why or why not. (3 marks)

(Total 40 marks)

QUESTION 3**Part A**

King Valley manufactures variety of torchlights. The manufacturing costs in the assembly department during January were:

| | RM | RM |
|-------------------------------|--------|---------|
| Direct materials added | | 20,000 |
| Conversion costs: | | |
| Direct labour | 50,000 | |
| Factory overhead | 40,000 | 90,000 |
| Assembly costs to account for | | 310,000 |

There was no beginning inventory of work in process. The work on 20,000 torchlights was begun in the assembly department during January, but only 15,000 torchlights were fully completed. All the parts had been made or placed in process, but only half the conversion costs had been completed for each of the torchlights still in process.

REQUIRED

- Calculate the total equivalent units (3 marks)
- Calculate the cost per equivalent units for January. (3 marks)
- Calculate the costs for units completed and transferred to finished goods department. (2 marks)
- Calculate the cost of ending work in process. (2 marks)

Continued...

Part B

Glooming Limited manufactures a single product. The following information relates to Glooming Limited for the first quarter of 2018.

| | January | February | March | April |
|------------------------|------------|------------|------------|------------|
| Budgeted sales (units) | 187,000 | 189,700 | 204,200 | 200,000 |
| Budgeted sales (RM) | 10,500,000 | 10,626,000 | 11,438,000 | 11,240,000 |

| Desired inventories (units) | Materials | Finished goods |
|-----------------------------|-----------|----------------|
| January, 1 | 102,000 | 102,000 |
| January, 31 | 102,960 | 201,500 |
| February, 28 | 115,000 | 195,500 |
| March, 31 | 118,800 | 206,000 |
| April, 30 | 110,000 | 198,000 |

Notes:

- a) One unit of direct material is required to produce one finished product.
- b) Direct materials cost per unit is RM5.

REQUIRED

- a) Prepare the production budget for Glooming Limited for the months of January, February, March and April 2018. (4 marks)
- b) Prepare the direct materials purchase budget (in quantity and value) for the months of January, February, March and April 2018. (6 marks)
(Total 20 marks)

End of Paper